

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP
AUGUST 5, 2009**

DIRECTORS PRESENT

Matt Disston, Committee Chair
Ed Mandich, Alternate

STAFF PRESENT

Don Chadd, General Manager
Hector Ruiz, District Engineer
Sharon E. Smith, Secretary/Treasurer
Teresa Teichman, Assistant to the General Manager
Michael Perea, Senior Project Manager

PUBLIC PRESENT

No members of the public were present.

CALL MEETING TO ORDER

Committee Chair Disston called the August 5, 2009 Finance/Audit Committee Meeting to order at 7:20 a.m.

VISITOR PARTICIPATION

Public comments were announced. No comments were received.

ORAL COMMUNICATION

Oral communication was announced. No comments were received.

COMMITTEE MEMBER COMMENTS

There were no comments.

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REPORT FROM THE GENERAL MANAGER

No report was provided.

ACTION ITEMS

ITEM NO. 1) FINANCE/AUDIT COMMITTEE MEETING RECAP

The July 23, 2009 Finance/Audit Committee Meeting Recap was presented to the Committee. No changes were made to the Recap.

Recommendation: The Committee recommended that the July 23, 2009 Finance/Audit Committee Meeting Recap be received and filed by the Board. (Consent Calendar)

ITEM NO. 2) RATIFICATION OF DIRECTORS' FEES AND EXPENSES AND FUTURE MEETINGS

The Committee reviewed the June 2009 expenses and July 2009 fees. One meeting on July 31, 2009 will be added for Director Mandich.

Recommendation: The Committee recommended that the Board ratify the Directors' expenses for June 2009 and fees for July 2009, with the addition of one meeting for Director Mandich. (Consent Calendar)

ITEM NO. 3) STATUS UPDATE RELATING TO WATER MONITORING

Mr. Don Chadd, General Manager, referred the Committee to spreadsheets which indicate the quantity of untreated and treated water purchased, for fiscal years 2007/08 and 2008/09. The purpose of the monitoring is to assist the District in not exceeding the Municipal Water District of Orange County water allocation established for the District. TCWD's water allocation is 2,847 acre feet. Water monitoring information will be provided to the Board on a monthly basis.

Recommendation: The Committee received and filed the status update. No action required.

ITEM NO. 4) STATUS UPDATE RELATING TO CALIFORNIA DROUGHT AND WATER CONSERVATION EFFORTS

Mr. Michael Perea, Senior Project Manager, and Mrs. Teresa Teichman, Assistant to the General Manager, provided information from a recent landscape maintenance workshop that they attended.

Recommendation: The Committee received and filed the status update. No action required.

ITEM NO. 5) DISCUSSION RELATING TO WATER RELIABILITY AND
EMERGENCY STORAGE FEE (WRESF)

Mr. Hector Ruiz, General Manager, stated that the State Revolving Fund Loan documents should be received during the week of August 3, 2009.

Mr. Chadd briefly reviewed the WRESF, stating that the funding levels that will be presented at the August 19, 2009 Regular Board Meeting have been adjusted.

Recommendation: The matter will be presented to the Board at its Regular Meeting of August 19, 2009. (Action Calendar)

ITEM NO. 6) DISCUSSION RELATING TO POTENTIAL AD VALOREM
PROPERTY TAX DIVERSION

Mr. Chadd stated that the state will divert approximately \$96,000 of the ad valorem property tax and presented three scenarios to collect the fee from customers. A one-year collection period will be recommended.

At the request of the Committee, Mr. Chadd will investigate the possibility of a variance to the WRESF and Property Tax Fees.

Recommendation: This matter will be presented to the Board at its Regular Meeting of August 19, 2009. (Action Calendar)

ITEM NO. 7) CUSTOMER SERVICE - LOCK OFF PROCEDURES

Mr. Chadd described the new lock off procedure for nonpayment. Disconnect notices will now be hung on Tuesdays with payment due by 4:00 p.m. on Thursdays. Lock offs will occur on Fridays instead of Mondays. Only two extensions will be given to customers in a 12-month period. A customer's water can be turned on during the weekend if the customer agrees to pay the fee for doing so.

Recommendation: The Committee received and filed the staff report. No action necessary.

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ITEM NO. 8) OTHER MATTERS

Mr. Chadd noted that the Municipal Water District of Orange County responded that it will meet with the six south county agencies relating to governance issues.

ITEM NO. 9) TREASURER'S REPORT

ITEM NO. 9A) PRESENTATION OF JUNE 2009 UNAUDITED FINANCIAL STATEMENT

Ms. Sharon Smith, Secretary/Treasurer, reviewed the June 30, 2009 preliminary unaudited financial statement. She stated that \$4,000,000 was transferred from the Bank of New York to the Local Agency Investment Fund to receive a higher interest rate.

Ms. Smith stated that about 50% of the June revenues and expenses were received in July and paid in July and August. The June figures will change once all the audit entries are made. It is anticipated that 100% of the revenue will be collected and about 101% the expenses will be paid.

The variances to the non operating revenue were discussed. The unrestricted and debt service property taxes are 100% collected. Interest income has decreased significantly over prior year. Sanitation capital fees and development fees were budgeted for the R. J. Homes development. However, the developer has not moved forward, and no fees were collected.

The final June 2009 financial statement will be provided following all audit entries.

At the previous request of the Committee, staff prepared and distributed a report that included a column showing the percentage of the annual budget in dollars as well as the percentage which is currently shown.

Recommendation: The Committee recommended that the Board receive and file the June 2009 preliminary unaudited financial statement, as presented. (Consent Calendar)

6B) BILLS FOR CONSIDERATION

The bills for consideration were presented.

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Recommendation: The Committee recommended that the Board ratify payment of the August 5, 2009 bills for consideration in the amount of \$240,361.04 and July 2009 payroll in the amount of \$160,139.52, as presented. (Consent Calendar)

ADJOURNMENT

Committee Chair Disston adjourned the August 5, 2009 Finance/Audit Committee Meeting at 7:58 a.m.